

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:) Chapter 11 Case
)
CHESTNUT RIDGE ASSOCIATES LLC,) Case No. 23-90069 (DRJ)
)
)
Debtor.)

**DECLARATION OF JOHN D. BAUMGARTNER IN SUPPORT OF DEBTOR'S
APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION
OF GRANT THORNTON LLP AS FINANCIAL ADVISORS FOR THE DEBTOR AS OF
MARCH 27, 2023**

I, John D. Baumgartner, state and declare:

1. My name is John D. Baumgartner. I am a Managing Director in Restructuring Practice Group of Grant Thornton LLP ("Grant Thornton" or "GT"), which maintains a business address at 700 Milam Street, Suite 300, Houston, Texas, 77002. Chestnut Ridge Associates LLC (the "Debtor") seeks to retain Grant Thornton to provide financial advisory services to the Debtor in connection with the Debtor's chapter 11 case on the terms and conditions set forth in the Engagement Letter (defined below) dated February 22, 2023.

2. I make this Declaration ("Declaration") in support of the *Debtor's Application for Order Authorizing the Employment and Retention of Grant Thornton as Financial Advisors for the Debtor as of March 27, 2023* (the "Application")¹ and to provide disclosures required under sections 327, 329, and 504 of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Bankruptcy Local Rules 2014-1 and 2016-1.

¹ Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Application.

3. The facts set forth in this Declaration are personally known to me based upon personal knowledge, unless otherwise noted, and if called as a witness I would and could competently testify thereto. To the extent that any information disclosed herein requires amendment or modification, I reserve the right to submit a supplemental statement to the Court.

4. A copy of my curriculum vitae is attached hereto as **Exhibit A**.

5. The Debtor seeks to retain Grant Thornton to provide financial advisory services and expert witness testimony and to perform the duties more fully set forth in the Engagement Letter attached hereto as **Exhibit B** and the Statement of Work attached hereto as **Exhibit C** including, without limitation:

- (a) Analyze the Company's financial position, business plans and financial projections prepared by management including, but not limited to, commenting on assumptions and comparing those assumptions to historical Company and industry trends;
- (b) Consult with management on the assessment of a bankruptcy exit strategy;
- (c) Consult with management in connection with the development of financial projections;
- (d) Assist management with its communications with customers, suppliers, statutory committees, and other parties-in-interest;
- (e) Assist management with the preparation of the Company's rolling 13 week cash receipts and disbursements forecast and assess liquidity and DIP financing needs;
- (f) Consult with management regarding their valuation of the Company and/or its assets on a going-concern and liquidation basis;
- (g) Consult with management, in coordination with legal counsel, in the preparation of a disclosure statement, plan of reorganization and the underlying business plans from which those documents are

developed;

- (h) Assist management, in coordination with legal counsel, in evaluating competing disclosure statements, plans and other strategic proposals made by other interested parties in the Case;
- (i) Assist management in responding to information requests submitted by statutory committees and their legal and/or financial counsel;
- (j) Consult with management regarding the preparation of required financial statements, schedules of financial affairs, monthly operating reports, and any other financial disclosures required by the Bankruptcy Court;
- (k) Provide expert advice and testimony regarding financial matters related to, including, among other things, the feasibility of any proposed plan of reorganization, and the valuation of any securities issued in connection with any such plan; and,
- (l) Provide additional services as requested from time to time by the Company and agreed to by Grant Thornton.

6. The professionals at Grant Thornton who will be primarily responsible for the services provided to the Debtor will be me and Don Davidson. Additionally, the services of other professionals at Grant Thornton may be utilized to take advantage of available expertise and economic efficiencies or based on other commitments of Grant Thornton professionals. The current hourly rates charged by Grant Thornton are provided below:²

<u>Professional</u>	<u>Fee Range</u>
Partner/Principal	\$840.00
Managing Director	\$840.00
Director	\$750.00

² These rates are subject to change from time to time.

Senior Manager	\$645.00 to \$720.00
Manager:	\$545.00 to \$610.00
Senior Associate:	\$325.00 to \$435.00
Associate:	\$235.00 to \$295.00

7. Subject to the Court's approval, GT will charge the Debtor for its legal services on an hourly basis in accordance with its ordinary and customary hourly rates as in effect on the date services are rendered.

8. It is Grant Thornton's practice to seek reimbursement from its clients for all reasonable and necessary out-of-pocket expenses incurred in connection with its services, including postage, delivery charges, photocopying charges, travel expenses, computerized research charges, transcription charges, and filing fees. GT customarily maintains detailed records of any actual and necessary or appropriate costs and expenses incurred in connection with the aforementioned legal services. GT will charge the Debtor's estate for such expenses in a manner and at rates consistent with charges made generally to GT's other clients and consistent with normal practices within this District.

6. GT intends to apply to the Court for compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and orders of this Court.

7. Grant Thornton was engaged as a financial advisor by the Debtor in the bankruptcy case on February 22, 2023 (after the Petition Date) to provide professionals to render financial advisory and expert witness services to the Debtor as needed throughout the course of this chapter 11 case, including (a) analysis on the Debtor's cash

flow feasibility, (b) current market interest rates, (c) a liquidation analysis; and (d) performing such other matters or services as may be necessary or appropriate.³ Grant Thornton was not paid a pre- or post-petition retainer by or on behalf of the Debtor.

8. As of the Petition Date, the Debtor was not indebted to GT for any pre-petition services.

9. Neither I, GT, nor any member thereof, insofar as I have been able to ascertain, has ever represented an interest materially adverse to the Debtor or the Debtor's estates in the matters upon which GT is to be employed. GT has not, insofar as I have been able to ascertain, ever represented any of the Debtor prior to this engagement. GT has not, insofar as I have been able to ascertain, ever represented any person against or in a manner adverse to any of the Debtor.

10. I believe GT is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code.

11. Except as otherwise disclosed herein, insofar as I have been able to ascertain, neither I, GT, nor any professional employed by GT has any connections with the Debtor, its creditors, any other party-in-interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee.

12. In preparing this Declaration, I or someone under my supervision and direction reviewed documents provided by the Debtor to determine whether GT has any relationship with the parties in this chapter 11 case. To the extent such review indicated that GT had or has a relationship with or connection to any interested party, such

³ Despite the date of its engagement, Grant Thornton did not provide any services to the Debtor until March 27, 2023.

relationship or connection is disclosed below. To the extent that GT may have any relationship or connection with the Debtor or any creditor or party-in-interest that GT is unaware of, GT reserves the right to amend or supplement this Declaration.

Grant Thornton's Connections with Parties-in-Interest

13. Based on information known to date, GT's connections with the Debtor, creditors, other parties-in-interest, their respective attorneys and accountants, the United States Trustee or any person employed in the Office of the United States Trustee, are as follows:

- (a) Current and Former Clients. GT has in the past represented and may currently represent certain creditors and parties-in-interest in matters wholly unrelated to the Debtor's case. So far as I have been able to ascertain, GT has never represented any creditor or party-in-interest in any matter relating to the Debtor. See subparagraphs (d) to (f) below for specific connections.
- (b) Attorneys, accountants and other professionals; Office of the United States Trustee. GT may have worked closely with one or more attorneys, accountants, and other professionals who may participate in this chapter 11 case on behalf of the Debtor, creditors, or other parties-in-interest. For instance, GT has worked closely in the past with the United States Trustee and persons employed by the Office of the United States Trustee. GT is not aware of any connection with any such person or entity which relates to the Debtor herein or which involves any interests adverse to the Debtor.
- (c) Other potential parties-in-interest. GT has endeavored in good faith to determine connections it may have with the principal creditors and parties-

in-interest in this case based on information provided to it by the Debtor. Nevertheless, it is possible that GT may have other connections unrelated to this chapter 11 case with other persons or entities involved herein. However, GT has not represented any creditor or party-in-interest in relation to the Debtor, and GT will not represent any person or entity other than the Debtor in this case. GT will supplement this Declaration if GT becomes aware of any connection with any other party-in-interest that would require disclosure.

- (d) In the past, GT provided services for several public sector companies and entities connected to this bankruptcy case, including, but not limited to, the Texas Comptroller of Public Accounts, the Texas Workforce Commission, Harris County Tax Assessor/Collector, Texas Workforce Commission and Texas Comptroller, and the City of Houston, however, GT sold its public sector advisory practice to Guidehouse, a consultancy owed by a private equity fund in 2022;
- (e) Partners and staff with GT: i) may have social media connections with other professionals involved in the case, court staff, property tenants, United States Trustee staff or other parties that may be involved in the case; and/or, ii) attended functions others attended; and/or iii) be members in trade organizations with others who are involved in the case including the Court and Court staff; and
- (f) GT's partners and employees most likely have shopped or been to restaurants owned by and/or affiliated with the tenants of the Debtor's

shopping center given some tenants are national franchises.

14. The disclosures above are based upon information reasonably available to Grant Thornton at the time of submission of the Application to the Court. GT will supplement this Declaration as may be required by the Bankruptcy Code and Bankruptcy Rules if and when any other connection requiring disclosure becomes known.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: April 26, 2023


John D. Baumgartner